

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Abdul Majit bin Ahmad Khan (Executive Chairman)	No. 5, Jalan SS7/4 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Datuk Yeat Sew Chuong (Chief Executive Officer)	Lot 569, No. 55 Jalan Cinta Alam Country Heights 43300 Kajang Selangor Darul Ehsan	Company Director	Malaysian
Wong Seng Tong (Executive Director)	12, Jalan USJ 11/4G 47610 Subang Jaya Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Wong Kin Nam (Executive Director)	D5-6-3, Scot Pine Condo Bandar Sg. Long 43000 Kajang Selangor Darul Ehsan	Company Director	Malaysian
Dato' Tan Seng Leong (Non-Independent Non-Executive Director)	No. 2, Jalan 3/11 Taman Sri Kluang 86000 Kluang Johor Darul Takzim	Company Director	Malaysian
Tan Sri Dato' Seri Law Hieng Ding (Independent Non-Executive Director)	18, Lorong Damansara Endah Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Dato' Liow Tiong Lai (Independent Non-Executive Director)	2, Jalan Indah 1/6 Taman Universiti Indah 43300 Seri Kembangan Selangor Darul Ehsan	Company Director	Malaysian
Professor Dr. Mohd Azmi bin Mohd Lila (Non-Independent Non-Executive Director)	27, Jalan BP 2 Bandar Bukit Puchong 47100 Puchong Selangor Darul Ehsan	Company Director	Malaysian
Khoo Keat (Non-Independent Non-Executive Director)	No. 63, Jalan Villa 10 Anggerik Villa Off Jalan Semenyih 43500 Semenyih Selangor Darul Ehsan	Company Director	Malaysian
Koong Lin Loong (Independent Non-Executive Director)	No. 18, Jalan BU 12/4 Bandar Utama Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

1. CORPORATE DIRECTORY (CONTINUED)**AUDIT COMMITTEE**

Name	Designation	Directorship
Tan Sri Dato' Seri Law Hieng Ding	Chairman	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director
Wong Seng Tong	Member	Executive Director

COMPANY SECRETARIES : Yeap Kok Leong (MAICSA 0862549)
No. 11, Jalan 2/1 49G
Taman Sri Endah
57000 Kuala Lumpur
Wilayah Persekutuan

Yap Wai Bing (MAICSA 7023640)
No. 38, Jalan Halia Bara
Taman Cheras
56100 Kuala Lumpur
Wilayah Persekutuan

REGISTERED OFFICE : 20th Floor, East Wing
Plaza Permata (IGB Plaza)
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Tel. No.: 603 – 4043 9411
Fax. No.: 603 – 4043 1233

HEAD OFFICE : No. 62, Jalan Puteri 2/2
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Tel. No.: 603 – 8068 1699
Fax No.: 603 – 8068 5129
Website: www.ins-enterprise.com

REGISTRARS AND TRANSFER OFFICE : Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. No.: 603– 2721 2222
Fax No.: 603– 2721 2530/1

PRINCIPAL BANKER : Malayan Banking Berhad (3813-K)
418-24, Jalan Pudu
55100 Kuala Lumpur
Tel. No.: 603– 2142 1095

AUDITORS AND REPORTING ACCOUNTANTS : Horwath (AF 1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. No.: 03 – 2166 0000

1. CORPORATE DIRECTORY (CONTINUED)

- SOLICITORS FOR THE LISTING EXERCISE** : Wong Beh & Toh
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
Tel. No.: 03 – 2713 6050
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. No.: 03 – 2693 2075
- INDEPENDENT MARKET RESEARCHER** : Spire Research Sdn Bhd (531562-K)
Unit 322, Level 3, Block A
Kelana Centre Point
No. 3, Jalan SS7/19
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03 – 7620 2707
- INDEPENDENT ADVISER** : Public Merchant Bank Berhad (14328-V)
25th Floor, Menara Public Bank
No. 146, Jalan Ampang
50450 Kuala Lumpur
Tel. No.: 03 – 2166 9382
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : OSK Securities Berhad (14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No.: 603– 2162 4388
- LISTING SOUGHT** : MESDAQ Market of Bursa Securities

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2. INFORMATION SUMMARY

The following is only a summary of the salient information about the INSB Group. Investors should read and understand the whole Prospectus prior to deciding whether to invest in the Shares of INSB.

2.1 History, Principal Activities and Group Structure

INSB was incorporated in Malaysia on 28 July 2003 under the Act as a private limited company under the name of INS Bioscience Sdn Bhd. The Company is principally engaged in investment holdings, R&D and consultancy in biotechnology. On 31 March 2004, INSB was converted to a public limited company.

The INSB Group is principally involved in the following activities:-

- R&D of health food supplement products;
- Cultivation and processing of wheatgrass;
- Processing of meal replacement drinks for slimming; and
- Marketing of personal care and skin care products.

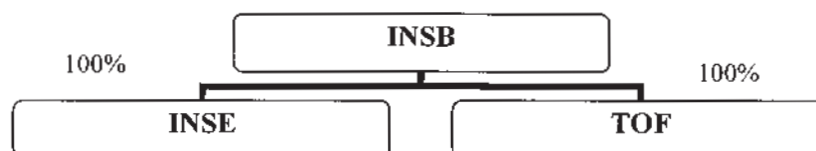
The INSB Group's products are marketed in both the domestic and international markets. The Group's products are marketed through MLM in the domestic market. TOF is the R&D and manufacturing arm of the Group whereas INSE carries out the Group's marketing activities.

INSB has two (2) subsidiary companies, namely INSE and TOF. The details of these subsidiary companies are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
INSE	27 March 1996, Malaysia	5,449,100	100.00	Marketing and distribution of products mainly under the INS brand in the Malaysian (through MLM) and international markets
TOF	28 May 1999, Malaysia	272,500	100.00	Manufacturing and processing of wheatgrass and its related products as well as other health food supplements products, and conducting R&D in bioscience technology

As at 31 May 2005, the INSB Group has 78 employees.

The corporate structure of the INSB Group is as follows:-



Further information on the INSB Group is disclosed under Sections 6 and 8 of this Prospectus.

2. INFORMATION SUMMARY (CONTINUED)**2.2 Ownership and Management**

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, the direct and indirect interests of the substantial shareholders, Directors, Promoter and Key Management in the issued share capital of the Company, before and after the Public Issue are as follows:-

Name	Nationality / Country of incorporation	Before Public Issue		After Public Issue	
		Direct No. of Shares	%	Direct No. of Shares	%
Substantial Shareholders					
INSH	Malaysia	149,157,700	69.38	-	-
Datuk Yeat Sew Chuong	Malaysian	9,468,100	4.40	149,157,700 ¹	52.03
OSKTV	Malaysia	37,634,400	17.50	37,634,400	13.13
OSKVI	Malaysia	-	-	37,634,400 ²	13.13
Directors					
Datuk Yeat Sew Chuong	Malaysian	9,468,100	4.40	149,157,700 ¹	52.03
Dato' Tan Seng Leong	Malaysian	10,000,000	4.65	-	-
Wong Seng Tong	Malaysian	1,032,390	0.48	-	-
Khoo Keat	Malaysian	1,498,510	0.70	-	-
Wong Kin Nam	Malaysian	-	-	-	-
Professor Dr. Mohd Azmi Bin Mohd Lila	Malaysian	-	-	-	-
Koong Lin Loong	Malaysian	-	-	-	-
Dato' Abdul Majit bin Ahmad Khan	Malaysian	-	-	-	-
Tan Sri Dato' Seri Law Hieng Ding	Malaysian	-	-	-	-
Dato' Liow Tiong Lai	Malaysian	-	-	-	-
Promoter					
INSH	Malaysia	149,157,700	69.38	-	-
Key Management					
Dr. Larry Wong Chee Yoong	Malaysian	-	-	100,000 ³	0.03
Wong Chau Ming	Malaysian	-	-	200,000 ³	0.07
Chin Yong Shya	Malaysian	-	-	250,000 ³	0.09

2. INFORMATION SUMMARY (CONTINUED)

Name	Nationality / Country of incorporation	Before Public Issue		After Public Issue	
		Direct No. of Shares	%	Direct No. of Shares	%
Key Management (Cont'd)					
Wong Kee Hic	Malaysian	-	-	100,000 ³	0.03
Lim Sia Huat	Malaysian	750,170	0.35	850,170 ³	0.30
Pui Jin Chiew	Malaysian	-	-	60,000 ³	0.02
Chow Foong Yau	Malaysian	-	-	100,000 ³	0.03
Cheah Ming Huat	Malaysian	-	-	100,000 ³	0.03
Lim Chim Hooi	Malaysian	-	-	70,000 ³	0.02
Nyew Sean Woo	Malaysian	-	-	100,000 ³	0.03
Lee Soo Fong	Malaysian	-	-	70,000 ³	0.02

Notes:-

1. Deemed interested by virtue of his direct shareholding in INSH pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its shareholding in OSKTV pursuant to Section 6A of the Act (disclosure of indirect interests by virtue of shares held in a downstream company is restricted only to the immediate upstream company).
3. Assuming full subscription of their respective entitlements pursuant to the pink form allocation.

Further information on the Promoter, substantial shareholders, Directors and Key Management are disclosed under Section 9 of this Prospectus.

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2. INFORMATION SUMMARY (CONTINUED)**2.3 Products and Services**

INSB Group's major products are as follows:-

- Health food supplements;
- Functional foods;
- Meal replacement drinks for slimming; and
- Personal care and skin care products.

In addition, the Group also markets the following products through INSE:-

- Household consumer products;
- Fertilisers; and
- Water filters for home use.

Further information on the Group's products and services is disclosed under Section 8.1 of this Prospectus.

2.4 Research and Development / Quality Control

INSB Group's R&D activities are focused on developing new and innovative consumer products that have wide customer appeal. New products created through R&D would provide INSB Group with the basis for continuing business growth and success. INSB Group places emphasis on the quality of its products to ensure that these products are safe for human consumption. QC teams and procedures are in place at various stages of the cultivation and production processes.

Further information on the Group's research and development / quality control procedures are disclosed under Section 8.3 of this Prospectus.

2.5 Marketing and Distribution*(a) Malaysian Market*

INSB Group's products are marketed locally through MLM using distribution centres and distributors to market the products. The Group's MLM scheme and its activities in Malaysia have been approved and licensed by the MDTCA. The Group's network of distributorship as at 31 December 2004 is as follows:-

	<u>Number</u>
Branch Office:	
- Peninsular Malaysia	1
- East Malaysia	1
Distribution Centres	
- Peninsular Malaysia	19
- East Malaysia	5
Distributors:	
- Total registered distributors	95,200
- Active registered distributors*	22,850

Note: -

* Refers to registered members who have purchased at least RM78 worth of products, during a period of twelve (12) months

2. INFORMATION SUMMARY (CONTINUED)*(b) Overseas Market*

The INSB Group's products are marketed overseas by country distributors and through informal arrangements for the distribution of the products with local companies. Country distributors have been appointed in Thailand, Indonesia, Singapore and Hong Kong.

The Group's products have penetrated into Thailand, Singapore, Hong Kong, Indonesia, China, Philippines, Australia, USA and South Africa.

2.6 Proforma Historical Financial Record

The financial highlights of the Group for the past five (5) FYE 31 December 2000 to 2004, reproduced from the Accountants' Report enclosed in this Prospectus, and based on the assumptions that the proforma Group has been in existence throughout the period under review, are set out as follows:-

	<-----FYE 31 December----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	15,873	23,306	21,904	22,587	20,494
Cost of sales	(11,674)	(17,209)	(14,482)	(10,439)	(9,376)
Gross profit	4,199	6,097	7,422	12,148	11,118
Profit before interest, tax, depreciation and amortisation	1,314	2,321	1,774	6,728	6,108
Depreciation	(561)	(609)	(914)	(984)	(812)
Interest expenses	(43)	(54)	(124)	(179)	(93)
Interest income	65	71	69	49	32
Profit before taxation	775	1,729	805	5,614	5,235
Taxation	(259)	(740)	258	(1,548)	(717)
Profit after taxation	516	989	1,063	4,066	4,518
Weighted average number of INSB Shares assumed in issue ('000)#	182,793	182,793	182,793	182,793	215,000
Net EPS(sen)	0.3	0.5	0.6	2.2	2.1

Note:-

Based on weighted average number of ordinary shares of INSB assumed in issue before Public Issue, after taking into consideration the Acquisitions and Share Split.

There were no extraordinary or exceptional items in all the financial years under review.

No dividend has been declared or paid by INSB and TOF for the financial years under review. The dividends declared and paid by INSE for the financial year under review are set out in Section 9 of the Accountants' Report set out in Section 13 of this Prospectus.

There were no minority interests in all the financial years under review.

Further information on the Group's financial performance throughout the years under review is disclosed under Section 5 of this Prospectus.

2.6.1 Auditor's Qualification

The audited financial statements of INSB's subsidiary companies, INSE and TOF, for all the financial years under review were not subject to any audit qualification other than the emphasis of matters on the preparation of the financial statements of TOF on a going concern basis for the financial period ended 30 June 2000 and FYE 31 December 2002. The details of the same are set out in Section 5.1.1 of this Prospectus.

2. INFORMATION SUMMARY (CONTINUED)

2.7 Proforma Consolidated Balance Sheets

The table below sets out the proforma consolidated balance sheets of INSB as at 31 December 2004 (which is to be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated balance sheet set out in Section 14 of this Prospectus) and is provided for illustrative purposes only to show the financial effects of the Acquisitions, the Public Issue and the proposed utilisation of proceeds from the Public Issue, in conjunction with the Listing of INSB, on the assumption that the transactions were completed on 31 December 2004.

	Audited as at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
Non-current assets				
Property, plant & equipment	-	4,024	4,024	22,024
Other investment	-	45	45	45
Development expenditure	-	183	183	183
Goodwill on consolidation	-	1,921	1,921	1,921
	-	6,173	6,173	24,173
Current assets	615	21,259	21,259	26,347
Current liabilities	662	5,137	5,137	5,137
Net current (liabilities)/ assets	(47)	16,122	16,122	21,210
	(47)	22,295	22,295	45,383
Financed by:				
Share capital	#	21,500	21,500	28,668
Share premium	-	-	-	15,920
Accumulated losses	(47)	(47)	(47)	(47)
Shareholders' equity	(47)	21,453	21,453	44,541
Non-current liabilities				
Hire-purchase payables	-	567	567	567
Deferred taxation	-	275	275	275
	(47)	22,295	22,295	45,383
No. of ordinary shares of RM1.00 each in issue ('000)	##	21,500	-	-
No. of ordinary shares of RM0.10 each in issue ('000)	-	-	215,000	286,680
Net tangible liabilities/ NTA per share (RM)	(23,500)	0.90	0.09	0.15

Notes:-

Represents RM2.00.

Represents 2 ordinary shares of RM1.00 each.

- A. The proforma consolidated balance sheets have been prepared for illustrative purposes only, and are based on the proforma financial statements of INSB and the audited financial statements of its subsidiary companies, INSE and TOF as at 31 December 2004, and the bases and accounting policies consistent with those normally adopted in the preparation of the audited financial statements.

2. INFORMATION SUMMARY (CONTINUED)

B. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as though they have been effected on 31 December 2004:-

(i) Proforma I

Acquisition of the entire issued and paid-up capital of INSE and TOF for a total purchase consideration of RM21,500,000 which was satisfied by the issuance of 21,500,000 ordinary shares in INSB at an issue price of RM1.00 per share.

(ii) Proforma II

Proforma II incorporates the effects of Proforma I and the share split, where every one (1) existing ordinary shares in INSB was split into ten (10) ordinary shares of RM0.10 each.

(iii) Proforma III

Proforma III incorporates the effects of Proforma I, Proforma II, the public issue and the utilisation of the gross proceeds arising from the Public Issue.

C. The movements in the proforma share capital and share premium account are set out as follows:-

	Share capital RM	Share premium RM
As at 31 December 2004	2	-
Shares issued pursuant to the Acquisitions	21,500,000	-
Balance for Proforma I	21,500,002	-
Share Split	-	-
Balance for Proforma II	21,500,002	-
Public Issue	7,168,000	17,920,000
Balance for Proforma III	28,668,002	17,920,000
Estimated listing expense	-	(2,000,000)
	<u>28,668,002</u>	<u>15,920,000</u>

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2. INFORMATION SUMMARY (CONTINUED)

2.8 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Group and this Public Issue. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The INSB Group's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to those discussed in the "Risk Factors" section, but also include all the other factors discussed throughout this Prospectus.

The major risk factors facing the Group include:

- no prior market for INSB Shares and possible volatility of share price;
- control by major shareholders;
- risks in biotechnology;
- business risks;
- political and economic considerations;
- foreign market and currency risks;
- competition;
- dependence on key personnel;
- dependence on certain suppliers;
- cultivation of wheatgrass;
- risk of access to TOF's intellectual property;
- government regulations;
- dependence on brand loyalty;
- dependence on particular products and markets;
- dependence on foreign and third party distributors;
- dependence on foreign and third party institutions and their R&D capabilities;
- adequacy of insurance coverage on the Group's assets;
- uncertainty of the proposed five (5) years Business Development Plan;
- underwriting;
- forward looking statements;
- new geographical markets;
- emergency risks;
- risk of rapid or over-expansion of the Group's businesses;
- impact of the AFTA;
- protection of trademarks and patents;
- failure or delay in the Listing;
- failure or delay in completing the BioValley project;
- product liability risks;
- financial risks; and
- credit risks.

Investors are advised to carefully consider the above risk factors, which may not be exhaustive, together with other information contained in this Prospectus before subscribing to any of the Public Issue Shares, which are the subject of this Prospectus.

Further information on the Group's risk factors is disclosed under Section 4 of this Prospectus.

2.9 Prospects and Outlook

The future prospects for the INSB Group remain favourable considering the increasing global health supplements consumption. This is also coupled with increasing levels of consumer consciousness on personal health.

In addition, the Government is actively promoting the development of biotechnology-based industries in Malaysia as one of the key areas of advancement earmarked under the 8th Malaysia Plan 2001-2005. These efforts are expected to augur well for the Group's future developments.

2. INFORMATION SUMMARY (CONTINUED)

The INSB Group intends to further develop the areas of its existing business while continuing to explore potential markets to mitigate the risk of over dependence on the existing market. Furthermore, the Group's intends to develop its R&D centre and manufacturing plant in the BioValley or other comparable strategic locations. This is expected to further enhance the Group's competitiveness in product development.

The INSB Group is also planning to upgrade the Group's existing R&D facilities. These efforts will spearhead the Group's R&D activities along with strategic alliances that the Group hopes to form with research organizations and local universities.

Further information on the Group's prospects and outlook is disclosed under Sections 8.13 and 10 of this Prospectus.

2.10 Principal Statistics Relating to the Public Issue

The following statistics relating to the Public Issue are derived from the full text of this Prospectus and should be read in conjunction with the whole text.

2.10.1 Share Capital

<i>Authorised share capital:</i>	RM
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
<i>Issued and fully paid-up share capital as at the date of this Prospectus:</i>	
215,000,020 ordinary shares of RM0.10 each	21,500,002
<i>To be issued pursuant to the Public Issue:</i>	
71,680,000 ordinary shares of RM0.10 each	7,168,000
<i>Enlarged share capital upon listing:</i>	
286,680,020 ordinary shares of RM0.10 each	<u>28,668,002</u>
<i>Public Issue Price</i>	0.35
<i>Market capitalisation based on Issue Price</i>	100,338,007
<i>Proforma NTA based on the proforma consolidated balance sheet as at 31 December 2004:</i>	
Proforma NTA upon Listing (RM'000)	42,437
Proforma NTA per share upon Listing (RM)	0.15

2.10.2 Class of Shares and Ranking

There is only one class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of this Prospectus.

2. INFORMATION SUMMARY (CONTINUED)**2.11 Utilisation of Proceeds Raised from the Public Issue**

Based on the Public Issue Price of RM0.35, gross proceeds of the Public Issue of RM25,088,000 are expected to accrue to the Company. This amount is expected to be utilized within the INSB Group in the following manner:-

Purpose	RM'000
R&D centre and manufacturing plant	18,000
R&D expenditure	4,000
Working capital	1,088
Estimated listing expenses	2,000
Total	25,088

Further information on the utilisation of proceeds is disclosed under Section 3.9 of this Prospectus.

2.12 Material Litigation

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, neither INSB nor any of its subsidiary companies is engaged in any material litigation either as plaintiff or defendant that has a material effect on the financial position of the Group, and the Directors of the Company and its subsidiary company have no knowledge of any proceeding pending or threatened against the Company and its subsidiary company or of any fact likely to give rise to any proceeding that may materially affect the position and business of the Company and/or its subsidiary companies.

2.13 Material Commitments

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, there is no material commitment incurred or known to be incurred by the INSB Group, which may have a material and adverse impact on the financial position of the Group.

	As at 31 May 2005 RM'000
Approved and contracted for:	
- contract sum for construction of R&D centre	1,370
Approved but not contracted for:	
- purchase of second manufacturing facility	5,463 [^]
- purchase of eighteen (18) units of machinery	1,890
	<u>7,353</u>
Future operating lease commitment	
- rental payable for a subsidiary's use of factory over the tenancy period of three (3) years	1,152*

Note:

[^] Excludes the 5% downpayment paid on 28 May 2005 to Dawn Breeze Sdn Bhd of RM287,500.

* There will be no future operating lease commitment in the event that the Company enter into a sales and purchase agreement for the purchase of the second manufacturing facility.

2.14 Contingent Liability

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, the Directors of INSB are not aware of any contingent liability, which, upon becoming enforceable, may have a material impact on the Group.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE

3.1 Introduction

This Prospectus is dated 28 June 2005.

A copy of this Prospectus has been registered with the SC. A copy of this prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval has been obtained from the SC on 24 February 2005 for the Public Issue. An application will be made to Bursa Securities within three (3) market days from the date of this Prospectus for admission to the Official List of the MESDAQ Market, and for permission to deal in and for quotation of the entire issued and paid-up share capital of INSB including the Public Issue Shares which are the subject of this Prospectus.

These Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all the CDS accounts of successful applicants have been duly credited and notices of allotment have been dispatched to all the successful applicants. The SC and Bursa Securities assume no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiary companies or of its Shares.

No shares will be issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, Public Issue Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Pursuant to the MMLR, at least 25% but not more than 49% of the total number of shares of the Company for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 shares each, at the time of Listing. In the event that the public spread requirement is not met upon completion of the Public Issue, the Company may not be allowed to proceed with the Listing and accordingly, monies paid in respect of all applications will be returned in full without interest.

An applicant for the Public Issue Shares should state his/her CDS account number in the space provided in the application form if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the INSB Shares.

In the case of an application by way of Electronic Share Application, an applicant shall furnish his CDS Account number to the Participating Financial Institutions by way of keying in his/her CDS Account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

Acceptance of applications will be conditional upon permission being granted to deal in, and quotation for all the Issue Shares. Monies paid in respect of any application accepted will be returned in full without interest if the said permission is not granted.

Under Bursa Securities' trading rules, effective from the date of Listing, trading in all Bursa Securities listed securities can only be executed through an ADA who is also a participating organization of Bursa Securities.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE *(CONTINUED)*

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by INSB. Neither the delivery of this Prospectus or any offer made in connection with this Prospectus shall under any circumstance constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares in certain other jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Independent Adviser, Principal Banker, Registrars, Issuing House and the Company Secretary to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, letter relating to the Proforma Consolidated Balance Sheets and Reporting Accountants' Letter on Trade Receivables in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of its name and the Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and has not subsequently been withdrawn.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3.2 Indicative Timetable

Event	
Date of Prospectus	28 June 2005
Opening of the application for the Issue Shares.....	28 June 2005
Closing of the application for the Issue Shares.....	11 July 2005
Tentative balloting of applications for the Issue Shares.....	13 July 2005
Tentative allotment of the Issue Shares	25 July 2005
Tentative Listing date	26 July 2005

The Directors of the Company and the Underwriter may in their absolute discretion mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the allotment and Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market would be extended accordingly. INSB will notify the public via an advertisement in a widely circulated daily English and Bahasa Malaysia newspaper prior to the original closing date of the application in the event there is an extension of time on the closing of the application.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

3.3 Purpose of the Public Issue

The purpose of the Public Issue is as follows:-

- (i) to obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of INSB on the MESDAQ Market;
- (ii) to provide INSB with access to the capital market to raise funds for future expansion and growth;
- (iii) to provide an opportunity for investors and institutions, business associates, eligible employees and Directors and the public to participate in the continuing growth of the Group; and
- (iv) to raise funds for the Group's continued operation and expansion, details of which are elaborated under the Section 3.9 of this Prospectus.

3.4 Particulars of the Public Issue

	RM
<i>Issued and fully paid-up share capital:</i>	
215,000,020 ordinary shares of RM0.10 each	21,500,002
<i>To be issued pursuant to the Public Issue:</i>	
71,680,000 ordinary shares of RM0.10 each	7,168,000
<i>Enlarged share capital upon listing:</i>	
286,680,020 ordinary shares of RM0.10 each	28,668,002

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each all of which rank pari passu with one another. The Public Issue Shares shall rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special right attaching to any share that may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held.

The Public Issue of a total of 71,680,000 Shares at an Issue Price of RM0.35 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner :-

- (i) 5,000,000 Public Issue Shares will be made available for application by the public;
- (ii) 51,680,000 Public Issue Shares will be made available for application by way of private placement; and
- (iii) 15,000,000 Public Issue Shares will be made available for application by eligible directors and employees and persons who have contributed to the success of INSB and its subsidiary companies.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

The 5,000,000 Issue Shares made available for application by the public and the portion of 15,000,000 Issue Shares ("Pink Form Shares") made available for application by eligible Directors and employees, and persons who have contributed to the success of the INSB Group which are not taken up and are subsequently made available for application by the Malaysian public, have been fully underwritten by the Underwriter listed in Section 1. Any INSB Shares in respect of paragraph (iii) above that are not subscribed for will be firstly made available for application by way of private placement, failing which, such remaining shares shall be made available for application by the public and will be underwritten. In the event of an overall under-subscription of the 5,000,000 Issue Shares and the unsubscribed Pink Form Shares, all Shares not applied for will be made available for subscription by the Underwriter based on the terms and conditions of the Underwriting Agreement.

There is no minimum subscription to be raised from the Public Issue.

The Issue Shares in respect of paragraph (iii) above are allocated based on the following criteria:

- (a) The Directors of INSB Group have been allocated with an aggregate of 4,068,000 Issue Shares in the following manner: -

No.	Name of Director	Number of Shares
1.	Dato' Abdul Majit Bin Ahmad Khan	500,000
2.	Datuk Yeat Sew Chuong	500,000
3.	Wong Seng Tong	500,000
4.	Wong Kin Nam	500,000
5.	Professor Dr. Mohd Azmi bin Mohd Lila	200,000
6.	Khoo Keat	300,000
7.	Koong Lin Loong	200,000
8.	Tan Sri Dato' Seri Law Hieng Ding	200,000
9.	Dato' Liow Tiong Lai	200,000
10.	Ng Wei Chiang	968,000
	Total	4,068,000

- (b) The eligible employees of INSB and its subsidiary companies have been allocated an aggregate of 2,379,000 Issue Shares. The basis of allocation of the Issue Shares reserved for 55 eligible employees of INSB and its subsidiary companies as at 25 May 2005 have been based on their position held in the Group, length of service and working performance with the INSB Group; and
- (c) The persons who have contributed to the success of INSB and its subsidiary companies have been allocated with an aggregate of 8,553,000 Issue Shares. The criteria of allocation of the Issue Shares reserved for 156 individuals/ corporations have been based on their contribution to INSB and its subsidiary companies.

3.5 Pricing of the Public Issue

Prior to this Public Issue, there has been no public market for the Shares of the Company. The Issue Price of RM0.35 per Share was negotiated between the Company and the Underwriter. Among the factors considered in determining the Issue Price, in addition to prevailing market conditions, were the Group's technologies, estimate of business growth potential, revenue prospects for the Group and an assessment of the Group's management.

3.6 Brokerage, Underwriting and Placement Fee**3.6.1 Brokerage**

Brokerage is payable in respect of the Issue Shares at the rate of 1% of the Public Issue Price in respect of successful applications bearing the stamps of OSK, participating organisation of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or Issuing House.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

3.6.2 Underwriting Commission

An underwriting commission is payable by the Company in respect of the 5,000,000 Issue Shares to be offered to the Public at the rate of 2% of the Issue Price of RM0.35 per INSB Share. The same commission is payable by the Company in respect of any INSB Shares not subscribed for in Section 3.4(ii) and (iii) which will be offered to the public.

3.6.3 Placement Fee

A management fee is payable by the Company in respect of the 51,680,000 Issue Shares to be offered to identified public investors and the 15,000,000 Issue Shares to be offered to the public investors, in the event of an under-subscription by eligible directors and employees, and persons who have contributed to the success of the INSB group at the rate of 0.5% of the Issue Price of RM0.35 per INSB Share. An additional placement fee is payable by the Company in respect of the total value of shares successfully placed out to investors identified by OSK at the rate of 1.5% of the Issue Price of RM0.35 per INSB Share.

3.7 Salient Terms of the Underwriting Agreement

Pursuant to the underwriting agreement dated 28 April 2005 between INSB and OSK as varied in a letter date 9 June 2005 ("Underwriting Agreement"), OSK agreed to underwrite in full the 5,000,000 Issue Shares to be made available for application by the Malaysian Public and the Pink Form Shares made available for application by eligible Directors and employees, and persons who have contributed to the success of the INSB Group which are not taken up and are subsequently made available for application by the public (collectively "the Underwritten Shares").

Any Pink Form Shares that are not subscribed for will be firstly made available for application by way of private placement, failing which, such remaining shares shall be made available for application by the public and will be underwritten. In the event of an overall under-subscription of the 5,000,000 Issue Shares and the unsubscribed portion of the Pink Form Shares made available for the application by the public, all Shares not applied for will be made available for subscription by the Underwriter based on the terms and conditions of the Underwriting Agreement.

The following salient terms are reproduced from the Underwriting Agreement.

3.7.1 *The obligation of the Underwriter to underwrite the Underwritten Shares under this Underwriting Agreement is conditional on the performance by the Company of their obligations under the Underwriting Agreement and on:*

- (a) *The Underwriter being provided with the reports or confirmation and the Underwriter being satisfied at the last date for acceptance, application for and payment of the subscription moneys under this Prospectus ("Closing Date") that:*
 - (i) *there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that provided in this Prospectus; or*
 - (ii) *there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 11 (Representations, Warranties and Undertakings) of the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by the Company;*

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

- (b) *The Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 1 (Certificate) of the Underwriting Agreement dated the date of this Prospectus ("Issue Date") signed by all the Directors of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 11 (Representations, Warranties and Undertakings) of the Underwriting Agreement;*
- (c) *The issue of this Prospectus not later than 80 days from the date of the Underwriting Agreement or such later date as the Underwriter and the Company may from time to time agree otherwise the Underwriting Agreement shall expire and be null and void;*
- (d) *The registration of the Prospectus and such other documents as may be required in accordance with the Securities Commission Act, 1993 of Malaysia ("SCA") in relation to the Public Issue with the SC and its lodgement with the ROC by the Issue Date;*
- (e) *The approval of SC referred to in Clause 2.2 (Approval) of the Underwriting Agreement to the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid up share capital being obtained on terms acceptable to the Underwriter remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue has been completed) have been complied with;*
- (f) *The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the official list of the MESDAQ Market and its share capital listed and quoted on the MESDAQ Market without undue delay;*
- (g) *The Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 10 (Fees and Commission) of the Underwriting Agreement;*
- (h) *The Underwriter receiving a copy certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Underwriter:*
 - (i) *approving this Prospectus and the share application form, the Underwriting Agreement and the transactions contemplated by it;*
 - (ii) *authorising a person to sign and deliver the Underwriting Agreement on behalf of the Company;*
 - (iii) *authorising the issuance of this Prospectus and the share application form;*
- (i) *The Underwriting Agreement being signed by all parties and stamped;*
- (j) *The Public Issue not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;*

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

- (k) *The Underwriter being satisfied that the Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto; and*
 - (l) *The Public Issue being approved by the shareholders of the Company in an Extraordinary General Meeting*
- 3.7.2 *Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to the Company given at any time before 5.00 p.m. on the Closing Date, terminate, cancel and withdraw their commitment to underwrite the Underwritten Shares under the provisions of the Underwriting Agreement ("Underwriting Commitment") if:*
- (a) *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings) of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company; or*
 - (b) *there is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or*
 - (c) *there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Shares issued under the Public Issue; or*
 - (d) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
 - (e) *the closing date of the application of the Issue Shares does not occur within ninety (90) days from the date of the Underwriting Agreement.*
 - (f) *there shall have occurred, or happened any of the following circumstances:*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction; or*
 - (iii) *any event or series of events beyond the reasonable control of the Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms or which prevents the processing of*

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares;

which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the listing of the Company on the MESDAQ Market or market conditions generally or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

- 3.7.3 *Upon any such notice(s) being given pursuant to Clause 14.1 (Termination) of the Underwriting Agreement, the Underwriter shall be released and discharged of its obligations without prejudice to its rights under the Underwriting Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment pursuant to Clause 14.1 (Termination) of the Underwriting Agreement, the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Underwriting Agreement, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 11 (Representations, Warranties and Undertakings) of the Underwriting Agreement and under Clause 12 (Costs and Expenses) of the Underwriting Agreement for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 8.3.2 (Prospectus and Listing) of the Underwriting Agreement for the payment of any taxes, duties or levies, and for any antecedent breach.*

3.8 Listing Expenses

Listing expenses in relation to the Public Issue are estimated at approximately RM2.0 million, with the following estimated breakdown:-

	RM'000
Estimated professional fees	820
Fees of the authorities	120
Brokerage, placement fee, and underwriting commission	500
Issuing house fees and disbursements	200
Printing and advertising fees	250
Miscellaneous expenses	110
Total	2,000

The Company shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

3.9 Utilisation of Proceeds Raised from the Public Issue

The Company expects the gross proceeds of the Public Issue to amount to RM25,088,000. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

The proceeds from the Public Issue are expected to be utilised in the following manner:-

Purpose	Note	RM'000
R&D centre and manufacturing plant	(i)	18,000
R&D expenditure	(ii)	4,000
Working capital	(iii)	1,088
Estimated listing expenses	(iv)	2,000
Total		25,088

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (CONTINUED)

Notes:-

- (i) *The INSB Group has proposed to set up an R&D centre and a manufacturing plant in BioValley Malaysia on land that will be provided by the Government. Based on an estimated costing provided by the project consultants, the development cost of INSB's R&D centre and manufacturing plant would be approximately RM12.5 million with an additional RM5.5 million for the purchase of machinery and equipment for the new manufacturing plant. The breakdown of the development cost is as follows:-*

	RM'000
<i>Building works</i>	8,200
<i>Infrastructure works</i>	2,600
<i>Consultancy, professional fees and other expenses</i>	1,700
<i>Machinery and equipment for new manufacturing plant</i>	5,500
<i>Total</i>	<u>18,000</u>

The new R&D centre will be equipped with analytical equipments, such as chromatographers, chemical analysers, electronic counters, inverted microscope and spectrometers. The R&D centre will also be equipped with facilities to develop culture and cultivation techniques and prototype products.

The construction of the R&D centre and manufacturing plant and is expected to be completed within eighteen (18) months.

In the event that BioValley project does not materialize, the initial planned R&D centre and manufacturing plant would be developed at other comparable strategic locations to be identified later.

- (ii) *The R&D expenditure will involve, inter-alia, research in emerging technologies and products, and enhancement of INSB's existing range of products. The allocation will cover manpower cost, software, training and other related overhead expenses.*
- (iii) *The INSB Group plans to set aside RM1.088 million of the proceeds for day-to-day working capital requirements. The Group will be expanding its business via widening of customer base, network marketing and distribution base.*
- (iv) *Details of the estimated listing expenses of RM2.0 million are set out in Section 3.8 of this Prospectus.*

Any variation in the actual listing expenses from the estimated amount will be adjusted to the working capital.

It is intended that the above-mentioned proceeds of RM25.088 million will be utilised within thirty (30) months from the date of Listing.

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4. RISK FACTORS

In addition to the other information in this Prospectus, the following factors relating to the Group (which may not be exhaustive) should be considered carefully in evaluating an investment in the Shares offered by this Prospectus. The discussion in this Prospectus contains certain forward-looking statements that involve risks and uncertainties. Prospective investors are cautioned that actual results or events may differ materially from those disclosed in this Prospectus.

If you are unsure about any of the information contained in this section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

4.1 No Prior Market for INSB Shares and Possible Volatility of Share Price

4.1.1 No prior market for INSB Shares

There has been no prior public market for the Company's Shares. The Issue Price was determined by the Company and its Underwriter based upon several factors and may not be an indication of the market price of the Shares after the Public Issue. There can be no assurance that an active public market in the Shares will be developed or be sustained after this Public Issue or that the market price of the Shares will not decline below the Issue Price.

4.1.2 The price of INSB Shares may fluctuate following the Public Issue.

The Group believes that a variety of factors could cause the price of the Shares to fluctuate, including sales of substantial amounts of Shares in the public market in the immediate future; announcements of developments relating to the Group's business; fluctuations in the Group's operating results and sales levels; general industry conditions or the world-wide economy; announcements of new products or product enhancements by the Group or its competitors; and developments in patent, copyright or other intellectual property rights. In addition, in recent years both the foreign and local stock markets in general, and the market for the shares of many high technology companies in particular, has experienced extreme price fluctuations which have often been unrelated to the operating performance of such companies. Such fluctuations may adversely affect the market price of the Company's Shares.

4.1.3 Future sale of INSB Shares

Any future sale or availability of INSB Shares can have a downward pressure on the Company's share price. The sale of a significant amount of Shares in the public market after the Public Issue, or the perception that such sale may occur, could materially affect the market price of INSB Shares. These factors also affect the Company's ability to sell additional equity securities. Except as otherwise described in this Prospectus, there will be no restriction on the ability of the Group's substantial shareholders or Promoter to sell their shares on Bursa Securities.

INSB Group believes that its competitive and corporate strategies place its business in a strategic position in its industry. Hence, the management is of the view that the Company will continue to generate interest from potential investors.

4.2 Control by Major Shareholders

Following the successful listing of INSB, the major shareholders namely INSH and OSKTV, collectively will hold approximately 65.16% of the total enlarged share capital. If these shareholders act together, they may be able to influence the outcome and decisions of events unless they are required to abstain from voting by law and/ or by relevant authorities.

Nonetheless, the Group has appointed three (3) independent non-executive directors to represent the interests of the minority shareholders.

4. RISK FACTORS (CONTINUED)

4.3 Risk in Biotechnology

Inherent risks in the biotechnology industry is that it often takes years or decades to develop biotechnology-based products and for these products to reach its commercial status. The low rate of success coupled with the lengthy time period required in obtaining regulatory approvals for commercial biotechnology may affect the ability of INSB Group to introduce new products.

In order to mitigate such risk, the INSB Group has entered into various joint ventures and collaborations with a number of local and foreign universities and institutions to jointly develop its biotechnology R&D activities. Nevertheless, there is no assurance that the INSB Group will be successful in developing new products for commercialisation. The Group also hopes to facilitate the transfer of biotechnology know-how to its employees. Nevertheless, there is no assurance that the INSB Group will be successful in its bid to expand its biotechnology know-how.

4.4 Business Risks

The INSB Group is subject to certain risks inherent in cultivation, manufacturing and marketing of health food supplements, household consumer goods and personal care products. These include supply and increase in cost of raw materials, availability of labour and increases in the cost of labour, changes in the economy, business and credit conditions, fluctuation in foreign exchange rates, entry of new players, changes in consumers' tastes and threat of substitute products. Although the Company seeks to limit these risks through expansion of its markets and development of new products, no assurance can be given that any changes to these factors will not have a material adverse effect on the Company's business.

4.5 Political and Economic Considerations

Given the nature of the industry in which the INSB Group operates in, its operations are closely linked to the economic fundamentals and political stability of the countries the Group does business. These locations include Malaysia, Thailand, Singapore, Indonesia, Hong Kong, Australia, USA, China, Philippines and South Africa. Any adverse developments or uncertainties in the political and economic environment in these countries may materially and adversely affect the financial performance of the INSB Group. These include inter-alia risk of war, global economic downturn and unfavourable changes in the respective country's government policies such as inter-alia changes in interest rates, methods of taxation, exchange controls, or the introduction of new regulations. There can be no assurance that any changes to these factors will not have a material adverse effect on the business of the INSB Group.

4.6 Foreign Market and Currency Risks

INSB Group has formal distributorships in Thailand, Singapore, Hong Kong and Indonesia and informal arrangements for the distribution of the products in Australia, China and Philippines. In addition, INSB Group supplies products to USA and South Africa. As such, INSB Group's level of profitability and future growth are expected to be linked to the political and economic developments in these countries, where some of INSB Group's customers and suppliers, direct or indirect, are located. The economic conditions in these countries may be affected by inter-alia changes in inflation rates, interest rates, taxation and other political, economic or social developments.

INSB Group is also exposed to foreign exchange fluctuation risks as it trades primarily in USD and RMB. The imposition of currency controls via the pegging of the RM to USD at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia since September 1998 has stabilised the risks arising from foreign exchange fluctuation. There can be no assurance that the currency controls will remain and that future foreign exchange fluctuations arising from the lifting of the currency controls or the adjustment of the RM to USD peg will not adversely affect the financial results of the INSB Group.

4. RISK FACTORS (CONTINUED)

In 1997, China liberalised its foreign exchange rules by imposing a currency peg to stabilise the risk arising from foreign exchange exposure to RMB. However, there can be no assurance that the currency controls will remain and that future foreign exchange fluctuations arising from the lifting of the currency controls or the adjustment of the RMB peg will not adversely affect the financial results of the INSB Group.

4.7 Competition

INSB Group faces competition both in the product marketing and the recruitment of independent sales personnel. Competing products are also available from hypermarkets, pharmacies, and specialty stores that together offer a wider variety of brands than the INSB Group. INSB Group intends to increase its marketing channels, and product lines and emphasize on product differentiation and quality of products to differentiate itself from its competitors.

INSB Group also competes with other MLM and other marketing organisations to recruit independent sales persons. Other direct selling organisations may or may not have product lines that compete with the products that INSB distributes. INSB believes that its competitive edge in recruiting independent sales persons is reputation, perceived opportunity for financial success and quality and range of products for sale.

Although the Company seeks to differentiate itself from its competitors through the above aspects, there can be no assurance that the competitive strategy adopted by its competitors will not have a material adverse effect on the business of the Group.

4.8 Dependence on Key Personnel

INSB believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any of INSB's Directors or key members of the senior management could have a significant effect on INSB Group's performance. The Directors recognise the importance of the Company's ability to attract and retain skilled personnel and have in place a human resource strategy, which includes inter-alia a suitable compensation package and a structured succession plan. Efforts are also made to groom the existing staff members to further support the senior management to shoulder further responsibilities in preparation for future business expansion and/or succession. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

4.9 Dependence on Certain Suppliers

INSB Group sources its main raw materials such as wheatgrass (grinded leaves and root) through its appointed suppliers, while other core ingredients such as oil palm fibre, bean extracts, honey, vegetable extracts, enzyme and packaging materials are sourced from a group of long term suppliers and manufacturers. Approximately 10% of total Group's purchases for FYE 2004 are obtained from its overseas suppliers (mainly located in China).

To prevent over-reliance on certain suppliers which may lead to the interruption of supply of raw materials, the management of INSB Group has identified a second layer of suppliers for its raw materials. The Group also maintains inventories buffer of two (2) to three (3) months to mitigate the risk. There can be no assurance that such initiatives will be successful and that any disruption in supply will not have a material adverse effect on the operations of the Company.

4.10 Cultivation of Wheatgrass

Wheatgrass is cultivated through an indoor aeroponic cultivation method which is totally controlled within the environment and is soilless, chemical and disease free. Wheatgrass grows and yields better under a hygienic condition with low temperature and pollutant free cultivation.

4. RISK FACTORS (CONTINUED)

TOF requires its suppliers of wheatgrass powder to inter-alia take appropriate measures to ensure optimal growth of wheatgrass by inducing cultivation under controlled environmental conditions, namely through (amongst others) the control on weather and sunlight. While these measures are in place, there can be no assurance that optimum cultivation can always be achieved, due to inter-alia, natural disasters and contamination, or that the wheatgrass will achieve the required optimal growth.

4.11 Risk of access to TOF's intellectual property

The outsourcing of the wheatgrass cultivation to China's independent growers ("Suppliers") for cost efficiency involves the disclosure of and access to part of TOF's know-how to the wheatgrass cultivation, manufacturing and processing process ("Know-how") to the Suppliers.

The Suppliers are only partially involved in the processing of wheatgrass and not provided with the full Know-how. The Suppliers are not aware of the crucial processes in producing the final products which are performed in TOF's manufacturing facility thus limiting their ability to replicate the full Know-how.

To further mitigate the above risk, TOF had entered into formal agreements with the Suppliers which provide among others, a confidentiality clause which prohibits the Suppliers from divulging or allowing to be divulged to any person the intellectual property rights of wheatgrass production or any other confidential information imparted to the Suppliers by TOF, prohibits any person to act or assist in the cultivation, manufacturing and/or processing of the wheatgrass until such person has signed a secrecy undertaking in the form approved by TOF, and all aspects of the process and technical knowledge shall be treated as confidential information by the Suppliers which shall only be disclosed to employees of the Suppliers whose duties cannot be fulfilled without such disclosure but to an extent necessary to enable them to perform such duties.

Furthermore, TOF restricts access to the R&D facility in Malaysia to minimise the disclosure of TOF's process and technical knowledge to visitors to the R&D facility in Malaysia. Employees of TOF who are directly involved in the manufacturing and growing process are only afforded access to the Know-how on a limited scope to an extent necessary to enable them to perform their duties. These employees have each signed a confidentiality undertaking with TOF not to disclose the confidential information obtained through the course of their employment with TOF.

TOF have also filed a patent application on the manufacturing method for wheatgrass with the Patents Registration Office ("PRO"), Malaysia on 15 August 2002.

The directors of INSB believe that TOF's intellectual property rights in regards to the cultivation and manufacturing of wheatgrass are reasonably protected.

4.12 Government Regulations**4.12.1 Product regulation and registration**

In Malaysia, traditional medicine, medicine and health foods are subject to the control of Food Act, 1983, which require these products to be registered with the National Pharmaceutical Control Bureau, MOH.

The health food products distributed by the INSB Group in foreign jurisdictions may also be subject to various requirements on product registration and regulations. In the event the registration where required is not obtained by the country distributors, importers or other responsible parties in accordance to specific local jurisdiction, the product may be banned or refused entry into that country for sale. This may have a material adverse financial effect to the Group. Nevertheless, this risk is partially mitigated through the construction of certain provisions in the distribution agreements entered into between the Company and the country distributors, whereby the respective distributor/importer is required to ensure that it complies with all legal

4. RISK FACTORS (CONTINUED)

requirements from time to time in force relating to the storage and sale of the Group's products.

There can be no assurance that all relevant approvals, consents or permits have been obtained by the importers/country distributors for the storage and sale of the Group's products in the relevant jurisdictions. As such, the INSB Group's ability to continue to sell to those countries may be adversely affected if such products are not registered when required or is subsequently banned or refused entry into that country for sale.

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, none of INSB Group's product has been denied for registration or being recalled after registration by the relevant authorities (both domestic and foreign).

4.12.2 Direct Sales Regulation

The DSA was introduced in June 1993 by the Government to prevent fraudulent or deceptive schemes often referred to as "pyramid" schemes which promise quick rewards for little or no effort, require high entry costs, use high pressure recruiting methods and/or do not involve legitimate products. Under the DSA, any company seeking to operate a direct sales business in Malaysia must obtain a renewable license. INSE was granted a five (5) year trading license pursuant to the DSA which is due for renewal by year 2008.

In addition, INSE's marketing plan and method of distribution are in compliance with the laws and regulations set out under the DSA. Distributors are required to observe the DSA and to comply with the rules of conduct and code of ethics of INSE and they are not permitted to make any unwarranted product claims.

INSE is also a member of the Direct Selling Association of Malaysia which is a trade association set up to liaise with governmental bodies relating to any regulations enforced by the authorities, to promote members' self-regulation of its business activities and to foster favourable public relations with a view of providing better services to customers.

The Malaysian Government has, from time to time, adopted policies and implemented regulations that have generally affected businesses in Malaysia. Presently, such policies and regulations have a common theme of consumer protection. Hence, there can be no assurance that the license granted will not be revoked or suspended due to the changes in government regulations.

4.13 Dependence on Brand Loyalty

The existence of brand loyalty is dependent on the goodwill associated with the INS brand, among others, its product quality.

No assurance can be given that goodwill in relation to brand loyalty on the brands owned by the INSB Group will persist and that the INSB Group can continue to expand its existing market share within or outside Malaysia. Nevertheless, the INSB Group strives to maintain and strengthen its brand loyalty through extensive promotion and advertisement activities.

4.14 Dependence on Particular Products and Markets

INSB Group is principally involved in the network marketing of health food supplements and its related products via the principle of nutritional immunology including the cultivation, manufacturing and processing of wheatgrass based health care products, meal replacement drink for slimming products and skin care products, which contributed approximately 79.7% of the Group's sales revenue for the FYE 31 December 2004.

In mitigating the Group's dependence on particular products, the Group has actively pursued its plans to diversify its product range to bioscience products, such as, high calcium and high fibre health care products, traditional medicine and pharmaceutical products, functional food

4. RISK FACTORS (CONTINUED)

products, nutritional products, health food supplements and skin care products. While the Group seeks to develop new products through its R&D activities there can be no assurance that such R&D activities will be successful or that such new products can be marketed successfully. Generally, over the years the Group has attained positive results from its R&D activities and has received good demand in its new product launching.

Further in mitigating the Group's dependence on particular markets, the Group has expanded into Thailand, Singapore, Hong Kong, Indonesia, Philippines, Australia, South Africa and USA which contributed 35% of the Group's total sales for the FYE 31 December 2004. While the Group continues to promote or make sales in foreign territories, there can be no assurance that the Group can continue to be successful in marketing to more countries nor can there be any assurances that the Group would be able to sustain and continue to market and make sales to its existing markets.

4.15 Dependence on Foreign and Third Party Distributors

INSB Group relies to a certain extent upon foreign third party distributors, which are the appointed distributors in countries and regions to organize the network marketing and distribution channel in order to achieve its assigned sales targets. Currently, INSB Group has four (4) appointed country distributors. The Group maintains a good working relationship with the said distributors and provide attractive incentives and discounts to the distributors. Furthermore, INSB Group is constantly looking for potential distributors as part of the strategy for expansion of their overseas markets. However, there can be no assurance that these distributors will continue its relationship with or support the INSB Group. If the distributor is found in breach of their distribution agreement, their distribution services would be terminated in accordance with the terms and conditions under the distribution agreement. The failure of the Group to maintain its existing relationship with its existing foreign distributors or expand the number of foreign distributors may have an adverse effect on the Company's business, operating results and financial condition.

4.16 Dependence on foreign and third party institutions and their R&D capabilities

INSB Group has on-going R&D collaborations with some foreign institutions from China and Malaysia. The Group's dependence on third party R&D findings and research capabilities may affect the financial results of the Group due to R&D expenditure invested into the R&D activities should the R&D collaborations fail or the third party institutions ceases its R&D collaboration with the Group.

To mitigate this risk, INSB Group has formal agreements with these institutions where they are required to among others, not permit or cause anything which may damage or endanger the joint R&D being developed keep highly confidential all information regarding the research programme and output, restricting such information from being disclosed to any third party except with the written consent of the Group. Pursuant to the agreements entered into between TOF and foreign institutions, prior written consent must first be obtained from the other party, in the event that any party decides to assign or license or sell its respective portion of intellectual property rights or any research materials. Furthermore, in the case of an assignment, the other party shall have the first right of refusal to such assignment or sale of the intellectual property rights or the research materials. Hence, any withholding of certain discoveries and subsequently selling to other commercial entities will be considered as a breach of contract.

The Group expects that the R&D activities would be progressively transferred back to Malaysia, whereby the degree of reliance on foreign institutions would be lowered once the Group's R&D centre is established.

4.17 Adequacy of Insurance Coverage on the Group's Assets

The INSB Group is aware of the adverse consequences arising from inadequate insurance coverage. Although the Group will continue to review the coverage for their assets on a continuing basis, there can be no assurance that the insurance coverage would be adequate for the replacement costs of the assets or any consequential loss arising therefrom.

4. RISK FACTORS (CONTINUED)**4.18 Uncertainty of the Proposed Five (5) Year Business Development Plan**

The success of the Group's business development plan will be largely dependent upon market acceptance and successful penetration into targeted markets and further development and commercialisation of new services offered. In addition, the Group's proposed future plans and prospects will be dependent upon, among other things, the Group's ability to:-

- (a) exploit the future growth prospects of the health food supplements market and execute the strategic move to penetrate the potential target market;
- (b) hire and retain skilled management as well as financial, technical, marketing and other personnel;
- (c) successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, and service controls); and
- (d) obtain adequate financing as and when required.

Despite the management team's experience and expertise in the business of INSB Group, there is no assurance that the implementation of future plans of the Group will not be affected by external factors which are beyond the control of the Group.

4.19 Underwriting

The 5,000,000 Issue Shares made available for application by the public and the Pink Form Shares made available for application by eligible Directors and employees, and persons who have contributed to the success of the INSB Group which are not taken up and are subsequently made available for application by the Malaysian public, have been fully underwritten by the Underwriter listed in Section 1. In the event of an overall under-subscription of the 5,000,000 Issue Shares and the unsubscribed portion of Pink Form Shares, all Shares not applied for will be made available for subscription by the Underwriter based on the terms and conditions of the Underwriting Agreement. Should the amount subscribed for be a significant number of shares, the Underwriter may end up as substantial shareholders (i.e. holding 5% or more of the aggregate of the nominal amount of all the voting shares in the Company). This may result in non-compliance of the public shareholding spread requirements of Bursa Securities and could adversely affect the success of the Listing.

The underwriting agreement also provides for circumstances, as highlighted in Section 3.7, under which the Underwriter may be entitled, on or prior to the closing date of the Public Issue, to release or discharge their obligations under the underwriting agreement. This conditional obligation of the Underwriter may result in the Public Issue Shares not being underwritten and this could adversely affect the success of the Listing.

4.20 Forward Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting INSB Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded that the plans and objectives of INSB Group will be achieved.

4. RISK FACTORS (CONTINUED)

4.21 New Geographical Markets

If the INSB Group is not successful in penetrating new geographical markets, it may suffer an increase in operating costs. Substantial management resources will be devoted to launch its products and expand its operations in these new markets. It cannot be guaranteed that these new sales and marketing efforts will be successful or generate significant revenue. Any such failure could have an adverse impact on its business, financial condition and operating results. The Group will be subject to additional risks when it operates in foreign countries that could harm its financial condition and operating results.

These risks include amongst others, the following:-

- (i) local regulatory requirements;
- (ii) fluctuations in currency exchange rate;
- (iii) any imposition of currency exchange controls;
- (iv) unexpected changes in regulatory requirements;
- (v) difficulties and costs of staffing and managing overseas operations; and
- (vi) poor market acceptance.

Detailed analysis of potential new markets will be conducted by the Group or through the engagement of professionals prior to making relevant critical decisions. Various possible aspects of the penetration strategy will be reviewed and modified in accordance with the specific requirements of the respective target markets. In the event that the Group is unable to penetrate on its own, the Group will appoint distributors there so that its products are able to penetrate the new market. However, there is no assurance that INSB Group will be able to successfully penetrate new markets and that the Company can expand its existing market share within or outside Malaysia.

4.22 Emergency Risks

The Group's daily operations may be affected by events of emergency such as fires, floods, energy crises, health crises, sabotage, civil commotion, war, outbreak of diseases and/or acts of God. The occurrence of such events may jeopardise the Group's production processes as well as damage raw material and/or finished goods.

Although the Group takes necessary precautions to prevent the occurrence of accidents, there is no absolute certainty that such untoward incidents will not occur.

4.23 Risk of Rapid or Over-expansion of the Group's Businesses

The Group has planned a series of well-structured expansion plans, which are detailed in Section 8.13 of this Prospectus. The success that the Group has achieved to date is the result of careful implementation of these plans. Since the inception of INSE, the Group's management has focused primarily on the development and commercialisation of bioscience related products comprising health food supplements products, meal replacement drinks for slimming products. The future plans that have been laid out are designed to further expand its core businesses. Nevertheless, there is no assurance that the Group will not face the risk of rapid or over-expansion.

4.24 Impact of the ASEAN Free Trade Area

The implementation of AFTA would result in import duties of 0% to 5% in ASEAN countries for goods with at least 40% ASEAN content. This may make imports into Malaysia competitive with locally manufactured goods.

As a mitigating factor, the INSB Group believes that its competitive strategies mentioned in Section 8.5 of this Prospectus will provide the thrust that will ensure the competitiveness of the Group's product offerings into the future.

4. RISK FACTORS (CONTINUED)

4.25 Protection of Trademarks and Patents

The success of the INSB Group's business may be largely influenced by the popularity of its trademarks and as such its ability to protect the trademark in the countries in which the business is operated is important to the INSB Group. At present, trademark laws in Malaysia provide only limited protection and generally (with some exceptions) have no extraterritorial coverage. As a result, there can be no assurance that the INSB Group will be able to protect its trademarks against unauthorised third party use or exploitation which could have a material adverse effect on the INSB Group's reputation, business and performance. INSE has made various applications with the Registrar of Trademarks, Malaysia for the registration of various trademarks. INSE has been successful in obtaining the registration of two (2) trademarks in class 30, namely "INS Wheatgrass Tea" and a picture mark on 15 September 2003 and 12 June 2003 respectively.

The success of the INSB Group's business may also be dependant on its ability to protect its patent. Applications for patenting the method of manufacturing wheatgrass tea and processing oil palm dietary fibre have been filed with the PRO, Malaysia on 15 August 2002 and 15 October 2003 respectively. There can however be no assurance that a successful registration of the patents would prevent unauthorised third party use or exploitation of its patented processes which could have a material adverse effect on the INSB Group's business and performance.

Please refer to Section 8.4 of this Prospectus for further information on INSB Group's trademarks and patents.

4.26 Failure or Delay in the Listing

The success of the listing of INSB on the MESDAQ Market is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:-

- (a) the placees under the private placement tranche of the Public Issue fail to acquire the Issue Shares allocated to them;
- (b) the Underwriting Agreement is terminated; and
- (c) INSB is unable to meet the public shareholding spread requirements i.e. at least 25% but not more than 49% of the total number of shares of the Company for which Listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 shares each, at the time of Listing.

In the event of the failure of the Listing of INSB on the MESDAQ Market, investors shall be reimbursed their application money without interest.

4.27 Failure or delay in completing the BioValley project

INSB Group intends to locate their R&D centre and manufacturing plant to BioValley. However the entire BioValley has not yet been gazetted by parliament. As at 31 May 2005, the exact location of the land where INSB Group's R&D centre and manufacturing plant will be located has not been identified. Any failure or delay in completing the BioValley project would affect the future financial result of the INSB Group. In the event that the BioValley project is delayed, postponed or aborted, the initial planned R&D centre and manufacturing plant would be developed at other comparable strategic locations to be identified.

4.28 Products Liability Risks

Any material defects in the products developed, manufactured and marketed by the INSB Group or failure to meet clients' expectation could adversely affect the financial result of the INSB Group.

The sale of the Group's product may involve the risk of liability claims. A product liability suit or action, whether or not meritorious, could result in costs and diversion of management's attention and the Group's resources, which could have an adverse impact on the Group's

4. RISK FACTORS (CONTINUED)

business, operating results and financial conditions. Additionally, a suit alleging a defect or a breach of an express or implied warranty, if successful, may also have adverse precedent effect on other or future actions.

The Group seeks to mitigate its liability by constantly adhering to the Group's stringent quality control standards.

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, no legal action has been taken against the INSB Group for adverse effects on the use of its products.

4.29 Financial Risks

As at 31 December 2004, being the date up to which the audited financial statements were made, the Group's audited total bank borrowings amounted to RM1.28 million of which RM0.71 million is short-term and interest-bearing, and RM0.57 million is long-term and interest-bearing. Considering that the interest charged on bank borrowings is dependent on prevailing interest rates and total outstanding loans, future fluctuations of the interest rates could have material effects on the Group's profitability.

There can be no assurance that the performance of the INSB Group would remain favourable in the event of adverse changes in interest rates or loaned amounts. Nevertheless, the Group believes that its prudent cash flow management will be able to generate sufficient funds for the repayment of the bank borrowings.

4.30 Credit Risks

The INSB Group is exposed to credit risk via its long credit term granted to some of its customers. There is no assurance that these customers will pay within the credit period granted and that the debts are recoverable. However, the INSB Group practices stringent credit assessment in reviewing the credit worthiness of each customer and applies monitoring procedures on an ongoing basis.

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